

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
CONSUMERS ENERGY COMPANY)	
for an electric rate case self-implementation)	Case No. U-18381
reconciliation for Case No. U-17990.)	
_____)	

At the October 25, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 1, 2016, Consumers Energy Company (Consumers) filed an application in Case No. U-17990 seeking authority to increase its rates and charges for the generation and distribution of electricity. On September 1, 2016, the company self-implemented a \$170 million annual increase in its retail electric distribution rates pursuant to MCL 460.6a(1).¹ The \$170 million self-implemented increase was allocated to customers utilizing an equal percentage increase rate design.

On February 28, 2017, the Commission issued an order authorizing Consumers to increase its retail electric rates in the annual amount of \$113.3 million. The rates designed to produce this increase went into effect for service rendered on and after March 7, 2017.

¹ Subsequently redesignated as MCL 460.6a(2) by 2016 PA 341.

On May 19, 2017, Consumers filed an application pursuant to MCL 460.6a(2) requesting authority to issue refunds of amounts collected during the company's self-implementation period from September 1, 2016 to March 6, 2017.

A prehearing conference was held on June 29, 2017, before Administrative Law Judge Dennis W. Mack. Consumers and the Commission Staff participated in the proceedings. Subsequently, the parties filed a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement, and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Consumers Energy Company shall refund the principal amount of \$15,741,000, plus \$950,000 in interest, during the December 2017 billing month.
- C. Consumers Energy Company shall reconcile any residual balances remaining after the December 2017 billing month in the manner described in the settlement agreement.
- D. Within 30 days, Consumers Energy Company shall file with the Commission tariff sheets consistent with Attachment A to the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of October 25, 2017.

Kavita Kale, Executive Secretary

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SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or the “Commission”), Mich Admin Code R 792.10431, the undersigned parties agree as follows:

WHEREAS, on May 19, 2017, Consumers Energy Company (“Consumers Energy” or the “Company”) filed an Application, testimony, and exhibits requesting that the Commission find that the total revenues collected under the Company’s self-implemented rates in Case No. U-17990 for the period September 1, 2016 to March 6, 2017 exceeded the total revenues that would have been collected under the final rates set by the Commission in that case. Thus, a refund is due pursuant to MCL 460.6a(2) as a result of the Company’s self-implemented rates.

WHEREAS, the initial prehearing conference in this proceeding was held on June 29, 2017 before Administrative Law Judge Dennis W. Mack. The parties to the case are Consumers Energy and the Commission Staff.

WHEREAS, the parties have engaged in settlement communications regarding the issues arising under this self-implementation reconciliation.

NOW THEREFORE, for purposes of settlement of the self-implementation reconciliation associated with Case No. U-17990, the undersigned parties agree as follows:

1. The Commission should find that Consumers Energy collected total revenues during the self-implementation period from September 1, 2016 through March 6, 2017 that exceed the total revenues that would have been produced by the rates ordered in the February 28, 2017 Final Order in Case No. U-17990 by \$15,741,000 (“the over-collection”).

2. The Commission should find that Consumers Energy is required to pay interest on the over-collection at a rate equal to 5% plus the applicable London Interbank Offered Rate, which the Commission should find to be \$950,000 if refunded during the December 2017 billing month. Resulting in a total cumulative over-collection to be refunded of \$16,691,000.

3. The Commission should authorize Consumers Energy to implement negative surcharges effective for the December 2017 billing month as shown on the proposed tariff sheet attached to this Settlement Agreement as Attachment A.

4. Consumers Energy shall reconcile any residual balance associated with the self-implementation refund remaining after the December 2017 billing month in the following manner. If a residual balance exists that is less than \$50,000, the amount shall be given to a charity chosen by the Company. If an under-collection occurred that is less than \$50,000, the under-collection will be written off by the Company. If a residual balance exists resulting from an under-collection that is greater than \$50,000, surcharges will be calculated on a per customer basis and applied during a subsequent month until the residual balance is less than \$50,000. If an over-collection occurred that is greater than \$50,000, credits will be calculated on a per customer basis and applied during a subsequent month until the over-collection is less than \$50,000. However, if the residual balance is less than \$50,000, and any one rate schedule is over- or under-collected by greater than \$50,000, then

additional surcharging or credits will be implemented for that particular rate schedule on a per customer basis, until the balance is less than \$50,000 for that rate schedule

5. The parties agree that the resolution of all issues reflected in the over-collection amount, plus interest, is non-precedential and all parties reserve the right to take different positions in future rate proceedings regarding all such issues.

6. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are, and shall be considered, privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the parties to this Settlement Agreement, nor the Commission, shall make any reference to, or use, this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

7. This Settlement Agreement is based on the facts and circumstances of this case and is intended for the final disposition of the self-implementation reconciliation associated with Case No. U-17990. So long as the Commission approves this Settlement Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement. The parties agree and understand that this Settlement Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings, or appeals related thereto.

8. This Settlement Agreement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. If the


Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

9. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and in the public interest.

10. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues resolved in this Settlement Agreement, if the Commission approves this Settlement Agreement without modification.

WHEREFORE, the undersigned parties respectfully request the Commission to approve this Settlement Agreement on an expeditious basis and to make it effective in accordance with its terms by final order.

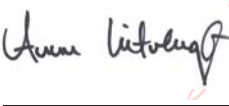
**MICHIGAN PUBLIC SERVICE
COMMISSION STAFF**

By: **Meredith R. Beidler**

Meredith R. Beidler (P78256)
Assistant Attorney General
Public Service Division
7109 W. Saginaw Hwy., 3rd Floor
Lansing, MI 48917

Digitally signed by Meredith R. Beidler
DN: cn=Meredith R. Beidler, o=Public
Service Division, ou=Attorney General
Dept., email=beidlerm@michigan.gov,
c=US
Date: 2017.10.09 09:56:21 -04'00'

Dated: October 9, 2017

CONSUMERS ENERGY COMPANY

By: 
Anne M. Uitvlugt (P71641)
Bret A. Totoraitis (P72654)
Attorneys for Consumers Energy
One Energy Plaza
Jackson, MI 49201

Digitally signed by Anne
M. Uitvlugt
Date: 2017.10.09 08:38:37
-04'00'

Dated: October 9, 2017

ATTACHMENT A

MICHIGAN PUBLIC SERVICE COMMISSION

Consumers Energy Company

Case No.: U-18381
Exhibit: A-6 (KLA-6)
Witness: KLAllen
Date: May 2017
Page 1 of 1

M.P.S.C. No. 13 - Electric
Consumers Energy Company

Sheet No. D-2.00

SURCHARGES

<u>Rate Schedule</u>	<u>Interim Rate Increase Reconciliation Surcharge (Case No. U-18381) Effective for the December 2017 Billing Month</u>
Rate RS	\$(3.45)/customer
Rate RT	(3.45)/customer
Rate REV-1	NA
Rate REV-2	NA
Rate GS	(0.018600)/kWh
Rate GSTU	NA
Rate GSD	(0.016500)/kWh
Rate GP	NA
Rate GPD	NA
Rate GPTU	NA
Rate EIP	(0.020300)/kWh
Rate GSG-2	NA
Rate GML	(36.50)/customer
Rate GUL	NA
Rate GU-XL	NA
Rate GU	(73.23)/customer
Rate PA	NA
Rate ROA-R	NA
Rate ROA-S ⁽¹⁾	(47.24)/customer
Rate ROA-P	NA

⁽¹⁾ The Interim Rate Increase Reconciliation Surcharge shall be applied to ROA Secondary GS rate schedule customers only.

Issued XXXX XX, 2017 by
Patti Poppe,
President and Chief Executive Officer,
Jackson, Michigan

Effective for bills rendered on and after
the December 2017 billing month

Issued under authority of the
Michigan Public Service Commission
dated XXXX XX, 2017
in Case No. U-18381